**ACTIVITY BRIEF**

**Rural Regional Transformation: Pathways, Policy Sequencing, and Development Outcomes in China, the Philippines, and Vietnam (RRT)**

**BACKGROUND**

Significant rural transformation is observed in many developing countries. Diversification of the rural economy and reduction of reliance on agriculture; greater dependence on distant places to trade, acquire goods and services; population movement to urban centers; and cultural change are some of the common trends characterizing rural transformation in these countries. Despite these shared features, the results of rural transformations vary between countries and within countries in terms of economic growth, social inclusion, reduction of poverty and of inequality, and environmental sustainability. This project describes rural transformation process as a transformation of rural economy from a traditional subsistence farming to a commercialized and modern agriculture and an integrated rural-urban development.

During the 1970s to 1990s, China witnessed a shift from enhancing yield of traditional crops to producing labor-intensive and high-value cash crops and meat. This transformation in the agricultural sector and the resulting growth translated to rural poverty reduction. In the early 2000s, China’s small-scale farmers engaged in off-farm activities to further improve their income; rising off-farm employment had continued to facilitate rural transformation through specialization of rural households into either full-time off-farm or full-time farming. China is currently initiating urban-rural integration and the New Rural Reconstruction (e.g., expanding industrial and service sectors and concentration of population in rural townships), which aims to decrease the rural-urban gaps in income and goods and services.

Vietnam has also been experiencing rural transformation with the increase of off-farm employment of rural labor forces since the early 2000s. Compared to China, however, Vietnam’s on-going rural transformation toward off-farm business happens at a slower pace. The Vietnamese government is focusing its efforts toward stimulating the development of agriculture-related industrial and service sectors to realign and foster rural transformation and utilize the country’s comparative advantages in agriculture.

Rural transformation in the Philippines offers an interesting case for comparison. The country used to be one of the most advanced countries in Asia three decades ago; China and Vietnam, on the other hand, were considered as the least developed countries but has shown distinct overall economic growth and rural development since 1980. Hence, the comparison of economic and rural transformations among these countries is expected to provide a breadth of experiences and lessons useful not only among the three but to other countries in the region as well.

The pathways of rural transformation are not uniform in all developing countries. But even with the differences among countries, rural transformation is generally defined as the process by which rural economy progressively moves from one stage to another. The five stages of rural transformation are characterized by the following: (Stage 1) predominant low valued food grains, (S2) significant rising share of labor intensive or higher valued agricultural commodities to improve farmers’ farming income, (S3) increased income coming from off-farm employment, (S4) specialization of rural households in either migration or farming to gain efficiency of land and labor allocations, and (S5) integrated urban-rural development.

This study is designed to develop a better understanding of different aspects of rural transformation including the following: pathways of rural transformation; sets of policies that can contribute to the success of rural transformation; policies and their sub-national and regional level impacts to growth, equity, and poverty at various stages of rural development; and risks associated to different pathways and policy sequencing. With information and cross-country analysis of the three countries that are in different stages of rural development and transformation – China, Vietnam, and the Philippines, the project aims to provide evidence-based policy formulation and planning.
The project, titled “Rural Regional Transformation: Pathways, Policy Sequencing, and Development Outcomes in China, the Philippines, and Vietnam (RRT),” is funded by the International Fund for Agricultural Development (IFAD) with the Institute of Geographic Sciences and Natural Resources Research (IGSNRR) - Chinese Academy of Sciences as the coordinating institution. China Center for Agricultural Policy (CCAP) of Peking University, the Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA), and the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD) will serve as the implementing partners in China, the Philippines, and Vietnam, respectively.

The project duration is from 15 September 2017 to 15 September 2019.

**OBJECTIVES**

The goal of the project is to provide policy recommendation for stronger and more equitable growth in sub-national regions of China, the Philippines, and Vietnam through rural transformation. To reach this goal, the project will identify the policy implications for other developing countries through cross-country comparisons; and improve the capacity of participating organizations through their collaborative work in the project. The specific objectives of the project are:

1. Develop a database that can be used to measure regionally-disaggregated indicators of rural transformation, economic growth, equity, and poverty in China, the Philippines, and Vietnam;
2. Document the pathways of rural regional transformation, the likely risks related to different stages of rural transformation, and the major policies and sequences of policies that facilitates the transformations that benefit the poor;
3. Examine major exogenous factors (e.g., initial natural and socioeconomic conditions, major policies in the previous periods, and other external shocks) that have significantly affected regional growth, equity, and poverty in different stages of rural transformation in each of three countries;
4. Conduct cross-country comparison on rural transformation, policies and sequence of policies affecting growth, equity, and poverty through rural transformation;
5. Examine the future prospects for rural transformation trajectories based on the trends observed and the results of this study; and
6. Provide training on analysis of rural regional transformation, policy sequencing, and development outcomes to other institutions in the participating countries.

**PROJECT ACTIVITIES**

**Activity 1:** Scoping and collection of secondary data

**Activity 2:** Pathway documentation of rural transformation and selection of sample rural regions

**Activity 3:** Quantitative modeling and cross-country comparisons

**Activity 4:** Policy brief formulation, paper presentation, workshop and dissemination

**EXPECTED OUTPUTS**

Six main outputs are expected to be achieved through this project:

1. Data set of priority indicators of RRT in the Philippines;
2. Paper on typologies of rural transformation in the Philippines;
3. Paper on the impacts of institution, policy and investment (IPI) on rural transformation in the Philippines;
4. Paper on the impacts of major RRT drivers (i.e., IPIs) on rural development outcomes;
5. Inputs to the cross-country comparison paper; and
6. Two policy briefs